

FEDERAL COMMUNICATIONS COMMISSION

1
04-233

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PUBLIC HEARING ON MEDIA OWNERSHIP

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THURSDAY, SEPTEMBER 20, 2007

The above-entitled matter convened at 4:25 p.m. at the Operation Push National Headquarters, 930 East 50th Street, Chicago, Illinois, Chairman Kevin J. Martin, presiding.

MEMBERS OF THE COMMISSION PRESENT:

CHAIRMAN KEVIN J. MARTIN
COMMISSIONER MICHAEL J. COPPS
COMMISSIONER JONATHAN S. ADELSTEIN
COMMISSIONER DEBORAH TAYLOR TATE
COMMISSIONER ROBERT M. McDOWELL

MODERATOR:

LOUIS J. SIGALOS, Chief, Consumer Affairs & Outreach
Division, FCC

ALSO PRESENT:

CONSTANCE A. HOWARD, Illinois State Representative,
District 34

SUSAN SATTER, Assistant Attorney General, Illinois
State Attorney General's Office

Reverend Jesse Jackson, Sr.

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A-G-E-N-D-A

Opening Remarks and Comments

Cathy Seidel, Chief, FCC Consumer..... 8	and Governmental Affairs Bureau
Martin King, Chairman of Rainbow Push..... 13	Coalition
Statement from Senator Richard..... 19	Durbin (read by Chairman Martin)
Statement from Senator Barack..... 21	Obama (read by Ken Bennett, State Director for Senator Barack Obama)
Connie Howard, Illinois State..... 25	Representative
Susan Satter, Assistant Attorney..... 29	General, on behalf of Illinois Attorney General, Lisa Madigan
Kevin J. Martin, Chairman, FCC..... 33	
Michael J. Copps, Commissioner, FCC..... 45	
Jonathan S. Adelstein, Commissioner, FCC..... 54	
Deborah Taylor Tate, Commissioner, FCC..... 62	
Robert McDowell, Commissioner, FCC..... 64	

Panel 1: **Perspectives on Media Ownership**

KRS-One, Hip-hop Artist..... 68	
Charles Benton, Chairman, Benton..... 71	Foundation
Karen Bond, Executive Director,..... 76	National Black Coalition for Media Justice
Cynthia Canary, Director, Illinois..... 80	Campaign for Political Reform
John Chadwick, Vice President/General..... 84	Manager, WREX-TV(NBC), Rockford, Illinois
Melody Spann Cooper, General Manager,..... 88	WVON(AM), Chicago, Illinois
Marv Dyson, Director of Operations,..... 94	WKKC-FM, Kennedy-King College; Founding Partner, Urban Radio Broadcasting LLC
Tom Langmyer, Vice President/General..... 97	Manager, WGN Radio, Chicago, Illinois
Dorothy Leavell, Publisher/Editor,..... 102	<i>The Chicago Crusader</i>
Dennis Lyle, President/CEO, Illinois..... 107	Broadcasters Association
Doug Nowakowski, International..... 111	Representative, International Brotherhood of Teamsters
Silvia Rivera, General Manager,..... 114	

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WRTE-FM, Radio Arte'

Dana Withers, President, Dana..... 118
Communications, Inc., Benton, Illinois

Public Comments

Christina Montes Scott..... 131
Brad Saul, Radio Center for People..... 133
with Disabilities
Mitchell Szczepanczyk..... 135
Brian Imus, Illinois PIRG, Public..... 137
Interest Research Group
Ann Bland..... 139
John Danigellis..... 141
Alexandra Pates..... 142
Ray Hanania, National Arab American..... 143
Journalists Association
Shawn Campbell, CHIRP, Chicago..... 145
Independent Radio Project
Eran Wade..... 149
Nina Klooster, Code Pink..... 150
Fred Hampton, Jr..... 152
Nancy Snider..... 154
Yunuen Rodriguez..... 156
Jesus Sanchez..... 158
Kevin Brinson, CEO, Seawall, Inc..... 159
Robbie Smith..... 161
Sam Ryan..... 162
Blanca Cambry,..... 164
Todd Dietterle, Common Cause Illinois..... 165
Rodrigo (Aurelio) Alvarez..... 167
Scott Sanders, Chicago Media Action..... 168
Barbara Popovic, CAN-TV..... 170
Orion Samuelson, WGN Radio..... 172
Kathy O'Malley, WGN Radio..... 174
Carl West, Publisher/Editor, *The Truth*..... 176
Magazine
Mike Janecek..... 177
Ralph Campagna and Arnett Morris..... 179
Off the Street Club
Jayne Hayden, WGN-TV..... 181
Juan Carlos Fanjul, WGN-TV..... 183
Ken Reiner, WGN-TV..... 185

Panel 2: **Perspectives on Media Ownership**

Linda Sue Brown, WBBM-TV..... 189
WBBM-TV
Reverend Delman Coates, Mt. Ennon..... 194
Baptist Church, Clinton Maryland
Kristine Laudadio Devine, Juris Doctor..... 198
Candidate, Class of 2008, Northwestern

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University School of Law	
Cliff Kelley, WVON(AM), Chicago, Illinois..	200
John Lavine, Dean, Northwestern's.....	204
Medill School of Journalism	
Joyce McCullough, Publisher,	208
NewsTribune, LaSalle, Illinois and	
General Manager, WLPO(AM)/WAJK(FM),	
LaSalle, Illinois, and WKOT(FM),	
Marseilles, Illinois	
Corky Siegel, Chicago Blues Musician.....	212
Jim Speta, Professor, Northwestern.....	216
University School of Law	
Patric Verrone, President, Writers.....	223
Guild America West	
Ann E. Woelk, Director of.....	225
Broadcasting, AFTRA Chicago	
Cassius D, International Hip-hop.....	236
Artist	
Comments by Reverend Jesse Jackson.....	229
Public Comments (cont'd)	
Assad Jofre, Inner City Muslim.....	240
Action Network	
Salim Muwakkil, Senior Editor.....	242
<i>In These Times</i>	
Don Jackson, Central City Productions.....	244
Mark Brodsky.....	247
Jennifer Lizak, Chicago Independent.....	249
Radio Project	
Kristin Marks.....	251
Michaela Alaniz.....	253
Paul McKinley.....	255
Yohon Harbin.....	257
Jerry Stermer, Voices for Illinois.....	258
Children	
Mark Denzen, Muscular Dystrophy.....	261
Association	
Reverend Janette Wilson.....	262
Willie Wilson,	264
Gwen Walters-Bingue, D.S. Wentworth.....	266
Elementary School	
Tari Marshall, Prevention First.....	267
Alex Seith.....	270
Tasha Ransom, WFLD, FOX 32.....	272
Heather Kash, St. Balrick's Foundation.....	273
Irene Cualoping, Eneri Communications.....	276
Public Comments (cont'd)	
Elizabeth Gardner, Women's Business.....	278

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Development Center	
Carmenza Millan, AARP.....	280
Karen Volkman, Ad Council.....	281
Julien Brown, Nicor Gas Company/Clear.....	283
Channel Advisory Board	
Tammy Basile, Life Source.....	284
Mike Laughlin, Juvenile Diabetes.....	285
Research Foundation	
John Williams, WGN Radio.....	287
Donna Long, WGN Radio.....	289
Bob Shomper, WGN Radio.....	291
Bob Bonesteel, Salvation Army.....	293
Kimberly Hickman, WDRV-FM.....	294
Kathy Voltmer, WDRV-FM.....	295
Mandy Irwin, WILV-FM.....	297
Ann West, Deborah's Place.....	298
Francine Hancock-Bryant.....	299
Barry Keefe, WTMX-FM.....	301
Brian Paruch, Children's Memorial.....	302
Foundation	
Eric Monte, Writer.....	304
Luis Enrique Romero,	306
Martina Macias, Primera Voz, Radio Arte; ...	306
Reyna Wences.....	308
Beauty Turner.....	309
Frank Diaz, CASA Central.....	311
Cynthia Wilson.....	313
Marlene Rodriguez Vick, Illinois.....	314
Hispanic Chamber of Commerce	
Joseph Harrington.....	315
Oscaría Reyes, WRTE, Radio Arte;	317
Anna Jurado, WRTE, Radio Arte;	319
Tanya Unzueta, WRTE, Radio Arte;	321
Jonathan Farnick.....	322
Richard Potter.....	324
Max Rodriguez.....	326
Matt Crain.....	328
Brian Dolber, Graduate Employees.....	329
Organization	
Nan Warshaw.....	331
David LaBeau.....	332
Maria de los Corral, American Red Cross....	334
Dale Lehman.....	336
David Ludwig.....	337
Dirk Van der Dium.....	339
Jim Tozzi, Center for Regulatory.....	340
Effectiveness	
Public Comment (cont'd)	
Earnest Paul Jones.....	341

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Dan Shanahan.....	343
Tom Berry.....	344
Derrick Harris, Concerned Citizens.....	346
Against Violence	
George Terzakis, Independent Living.....	348
Movement	
Susan Olin.....	349
Bob Sherman.....	351
Pamela Hunt.....	353
Michael Fourstel.....	355
Juan Nester Soto.....	357
Jeffrey Gale.....	357
Kathy Mitchell.....	359
Ron Muhammad.....	361
Evangel Yhwhnewbn, Rescue the Children.....	363
Clarence Chestand.....	365
Reverend Alice Harper-Jones, United.....	366
Church of Christ	
Lonna Saunders.....	368
Claire Tobin.....	369
David Chang, Human Rights Commission.....	371
David Potete.....	372
Michael Maraat.....	374
Stephen Cann.....	375
Edna Sanders.....	377
Ed Morgan.....	378
Gail Schoenbacher.....	380
Tom Gambill.....	381
Jay Paramore.....	383
Don Goldhamer.....	385
Rejinald Fisher.....	387
Sabrina Duarte.....	388
Marc Loveless, Coalition for Justice.....	391
And Respect	
De-Anne Burley.....	392
Bruce Jones.....	394
Omer Abid.....	395
Closing.....	396

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P-R-O-C-E-E-D-I-N-G

4:25 p.m.

CHAIRMAN MARTIN: Good afternoon. Welcome to the Federal Communications Commission's fifth public hearing on media ownership. I want to thank Reverend Jesse Jackson and the Rainbow Push Coalition for so graciously hosting us here today.

And before we begin we'll have several brief presentations and several opening remarks. As many of you are aware, the transition from analog digital television is coming up in just a few short months, February 17, 2009, and the Commission is doing what it can to minimize the potential burden on consumers, while at the same time maximizing opportunities for people to benefit from that transition.

And a critical component of that digital transition is reaching out to consumers to ensure that they're aware of the transition that's going to occur and the potential for them to make sure that they're doing all they can to minimize the burden for them during that transition.

And to this end I've invited Cathy Seidel, the Chief of our Governmental Affairs -- of our Consumer and Governmental Affairs Bureau, to give a

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1 quick overview on the digital transition, and how it's
2 going to affect consumers.

3 And so if Cathy's here? An FCC
4 representative is also currently sitting at the
5 registration table where you walked in and
6 distributing packets of information about the
7 transition, and, please, stop and ask any FCC employee
8 any questions you should have about the transition, or
9 if you need any additional information.

10 Cathy?

11 MS. SEIDEL: Thank you, Mr. Chairman.

12 Good afternoon, everyone. I know you have
13 a full agenda, so I will try to get through my slides
14 fairly quickly, but it is important that each of you
15 hears this message, and that after you leave here
16 today you take it back to others, your family, your
17 friends, your neighbors.

18 With a room this size and an audience this
19 size, I understand that some of you will not be able
20 to, or may not be able to read what's on the screen.
21 Don't worry about it, I will definitely talk through
22 the most important parts. Thank you, again.

23 Next slide, please.

24 So why is the topic I'm about to talk about
25 so important? On midnight, February 17, 2009, as the

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1 Chairman just mentioned, television will undergo the
2 biggest change since color was introduced in the
3 1950s. Broadcasting will go all digital. And each of
4 us needs to be prepared.

5 Next slide, please.

6 Today most stations are currently
7 broadcasting in two formats, analog and digital. On
8 February 17, 2009, analog television broadcasting will
9 cease. This is referred to as a digital television
10 transition. In a second I'm going to explain to you
11 why this is happening, and what it may mean for you.

12 But for now just remember the date, and
13 after you leave mention it to others. If you're
14 playing cards at a local community center or senior
15 center, ask the people at the table with you if they
16 know why that date is important. If you're at a local
17 PTA meeting, turn to the parent next to you and ask
18 them if they know what happens on that date. Help us
19 in building awareness about this important issue.

20 Next slide, please.

21 Okay. So you may be asking, why are
22 broadcast TV stations switching to all digital? Well,
23 Congress mandated the conversion to all digital
24 television broadcasting because digital is a more
25 efficient transmission technology that frees up

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1 frequencies that can be used by public safety, by
2 police, fire people, and emergency rescue personnel in
3 your communities.

4 Also, digital is a more -- digital
5 technology also provides the opportunity for improved
6 picture quality and sound, and it allows for TV
7 stations to broadcast multiple programs in the same
8 amount of spectrum that it would have taken to
9 broadcast a single analog channel. This means more
10 programming choices to you.

11 It also frees up -- the transition also
12 frees up frequencies for the provision of advanced
13 commercial wireless services.

14 Next slide.

15 All right. So I've told you what the
16 transition is, and why it is happening. You're
17 probably wondering what it may mean for you. Well,
18 what it means to you and what you need to do to be
19 prepared depends on how you're currently getting your
20 television programming, whether you're receiving free
21 over the air broadcasting, or whether you're paying
22 for a service such as cable or satellite for your
23 programming.

24 Next slide, please.

25 If you're a consumer receiving your

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1 programming over the air, meaning that you don't pay
2 for cable or satellite service, and that you would
3 have an antenna at the top of your roof, or rabbit
4 ears like the ones in this picture, what you need to
5 do will depend upon whether your TV set is an analog
6 set or a digital set.

7 If you have a digital set, a TV with a
8 digital tuner in it, which would be one that is an HD-
9 TV, and enhanced definition television, or a standard
10 definition television set, you should continue to
11 receive your programming after the transition with
12 your same TV and with your existing antenna.

13 If, on the other hand, you're an over
14 the -- a consumer receiving your programming over the
15 air and you have an analog television set, you will
16 need to get a digital to analog converter box.

17 Next slide, please.

18 First, you do need to know that you don't
19 have to get rid of your existing television set. You
20 can use -- your analog TV set will continue to work,
21 but you will need to get a converter box. These
22 digital to analog converter boxes are being estimated
23 by manufacturers to cost in the range of \$50 to \$70.

24 And to help defray some of that cost,
25 between January of 2008 and March 31 of 2009, all U.S.

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1 households will be able to request two coupons, each
2 worth \$40, to be used toward the purchase of one of
3 these converter boxes.

4 The National Telecommunications and
5 Information Administration, the NTIA, is responsible
6 for administering the coupons program. And if you
7 stop by the table in the back of the room that the
8 Chairman mentioned, we have materials that will answer
9 many questions you might have, and also provide
10 contact information, both to the NTIA, their numbers,
11 and website, as well as our FCC numbers and website.

12 So if -- that's the scenario if you were an
13 over the air consumer. What about if you receive your
14 service through cable or satellite? Well, if you
15 receive your service via cable or satellite, you need
16 to contact your cable or satellite provider to find
17 out what plans they have for the transition, and about
18 any additional components such as a separate digital
19 set top box that you may need to watch digital
20 broadcast television after the transition on February
21 17, 2009. Next slide. Sorry. I may not

22 be keeping up with the slides.

23 The FCC is committed to ensuring that all
24 Americans are aware of the DTV transition, and that no
25 one is left in the dark when analog broadcasting ends.

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1 Next slide.

2 In the materials that are available in the
3 back, we have answers to question that you may have
4 about the transition. We also have information
5 printed up that will give you the 800 number for the
6 FCC, 1-800-CALLFCC, and we also have an excellent
7 website if you happen to use the Internet, dtv.gov.

8 We also have information about the NTIA
9 coupon program. You don't need to worry about writing
10 anything down. If you grab one of these folders
11 available in the back, all the information is provided
12 there.

13 And, again, you very well may have a lot of
14 questions. Feel free to call the FCC's call center,
15 and we'll be happy to help answer them. Thank you so
16 much.

And thank you, Mr. Chairman.

17 CHAIRMAN MARTIN: Thank you, Cathy.

18 (Applause.)

19 CHAIRMAN MARTIN: Before we begin our first
20 panel, there are -- we do have a few opening remarks.

21 And I'd first like to welcome the Chairman
22 of Rainbow Push Coalition, Mr. Martin King.

23 (Applause.)

24 MR. KING: Good afternoon. Good afternoon,
25 Commissioners, Mr. Chairman. Good afternoon to all of

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1 you.

2 I just have a quick announcement. Rainbow
3 Push has teamed with Chicago Access Network Television
4 to cover this hearing and make it available to the
5 public. Local residents will be able to see the
6 hearing on KNTV, cable channel 21, Sunday, October 14,
7 from 9:00 to 5:00.

8 My name is Martin King. I'm Chairman of
9 the Rainbow Push Coalition, and I read this statement
10 on behalf of our founder and president, Reverend Jesse
11 L. Jackson, Sr.

12 I am honored and proud to welcome all of
13 Chicago's communities to the Rainbow Push Coalition
14 National Headquarters for the fifth FCC hearing on
15 media ownership.

16 Media is a life or death issue for
17 communities of color in this country. At its worst,
18 media can fan the flames of hatred, racism, and
19 intolerance that lead to violence and injustice. At
20 its best, media can hold the powerful accountable, and
21 help bring about change in our communities.

22 When cameras showed Rosa Parks at the front
23 of the bus, when cameras showed police brutality in
24 Birmingham, Alabama, when cameras showed Dr. Martin
25 Luther King, Jr. on the march on Washington, America

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1 woke up to the civil rights movement and the reality
2 of racism.

3 But when the cameras turn away, we have
4 nooses hanging from white trees in Louisiana, we have
5 broken government promises to the displaced victims of
6 Katrina, we have immigrants dying in the desert and
7 buried in unmarked graves, we have urban communities
8 under the assault of poverty, injustice and violence.

9 The founders of *Freedom's Journal*, the
10 first African-American newspaper, wrote, We wish to
11 plead our case. Too long others have spoken for us
12 from the press and the pulpit. We have suffered much
13 by being incorrectly represented.

14 These words are as true today as they were
15 180 years ago. A legacy of discrimination and decades
16 of consolidation have left people of color, and women,
17 without equal access to our public airwaves, and at
18 the mercy of a white dominated media.

19 According to research by *Free Press*, people
20 of color constitute just 7 percent of all full power
21 broadcast television and radio owners in the United
22 States, but that same population represents 35
23 percent. This is a disgraceful level of inequality in
24 one of the most important arenas of our economy and
25 our democracy.

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1 For a city so rich in diversity, Chicago
2 has one of the lowest levels of minority ownership
3 among cities of its size. People of color make up
4 nearly two thirds of Chicago's population, but own
5 just 5 percent of the TV and radio stations here in
6 the city. Chicago has the fewest number of
7 minority radio owners of the nation's 22 largest radio
8 markets, and is the only top 10 market where the
9 minority broadcast ownership percentage hovers around
10 in the single digits.

11 Melody Spann is here from WVON. She is the
12 only African-American owned radio station in the City
13 of Chicago.

14 (Applause.)

15 MR. KING: To speak much about opportunity,
16 and when opportunity becomes available, Melody had a
17 1000 watt station that last year just went from 1000
18 watts to 10,000 watts. Congratulations to Melody
19 Spann.

20 (Applause.)

21 MR. KING: In short, too few own too much
22 at the expense of too many. When a giant company is
23 able to purchase thousand of radio stations across the
24 country, people of color, already victims to a long
25 history of discriminatory business lending practices,

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1 have even fewer ownership opportunities. This is
2 plainly obvious to anyone who gives it half a thought.

3 And yet our government has turned a blind
4 eye for decades on this issue. In this political and
5 economic climate, the viability of minority owned
6 stations is threatened. The shrinking number of
7 independent minority owners must compete with the bulk
8 advertising rates and syndicated programming big
9 companies have at their finger tips. Often they're
10 forced to sell out to the national chains.

11 We are being pushed off the dial and out
12 of the picture, and that is unacceptable. I've urged
13 the new Congressional leadership to focus on restoring
14 the tax certificate to promote minority ownership in
15 broadcasting and in telecommunication.

16 The return of the tax certificate program
17 would give minority bidders a new opportunity to
18 overcome financing shortages that today have left us
19 with an ownership class that leaves minority
20 communities out.

21 But that -- even that's not enough. The
22 FCC has a mandate to foster diversity, localism and
23 competition over the public airwaves. The FCC should
24 permit -- should not permit further media
25 consolidation without first addressing the issue of

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1 minority ownership.

2 The consequences of minority media
3 ownership prices are grave. Ownership and publishers
4 choose editors and writers. They choose priorities
5 and ultimately it bleeds into content.

6 A recent study from Northwestern University
7 found that in Chicago for every non-White person who
8 is heard in a story, there are three White people, and
9 people who are White, male, and official dominate news
10 about politics.

11 Until we have equal access to the public
12 airwaves, the media will continue to portray us and
13 our youth as criminals and gangsters, play sexist
14 music that disrespects our women, ignore the crimes
15 against our children, and shut us out of the public
16 debate.

17 Studies have shown that minority owners are
18 more likely to live and work in the communities that
19 they serve. They are more likely to work to reflect
20 the values of our communities, and to serve the public
21 interest as well as the profit motive.

22 The FCC has indeed much work to do. It is
23 time the FCC addressed this crisis. It is time the
24 FCC listened to the people and rejected media
25 consolidation. It is time the FCC opened the door to

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1 new owners, minorities and women. It is time the FCC
2 worked to make sure that the American media represents
3 the American people. These are our airwaves, we gave
4 them to big media, but we indeed can take them back.

5 Thank you, and God bless you. And thank
6 you for coming.

7 (Applause.)

8 CHAIRMAN MARTIN: Thank you, Mr. King.

9 At this point, I would like to read a
10 letter that was submitted by Senator Durbin, who asked
11 me to read this at the opening today.

12 Mr. Chairman, I regret that I could not be
13 with you for this important hearing, and I commend
14 your decision to hold the hearing in Chicago. Please
15 let this letter serve as part of the record for
16 today's Federal Communications Commission Media
17 Ownership hearing.

18 Media outlets and the policies and
19 practices of those who own them shape the way we see
20 the world. Newspapers, television, radio, and the
21 Internet are the portals through which we form our
22 opinion about the war in Iraq, poverty, healthcare,
23 political campaigns, and what's happening in our
24 communities.

25 Today's hearing is an important step in the

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1 FCC's process of reviewing medial ownership rules to
2 determine whether a change in the rules is appropriate
3 and necessary. The FCC is right to solicit public
4 comment on this issue, and I appreciate the
5 Commission's decision to hold today's hearing in our
6 diverse and vibrant city.

7 In the summer of 2003, the FCC voted three
8 to two in favor of a media ownership rule that would
9 have weakened important protections against media
10 consolidation. The rule was criticized roundly for
11 its potential to decrease local coverage and hasten a
12 trend toward fewer minority and female owners of media
13 outlets.

14 The United States Senate responded by
15 voting 55 to 40 in favor of SJ Resolution 17, a
16 resolution that disapproves of the rule and discourage
17 the FCC from implementing it. Senator Durbin, I, was
18 an original co-sponsor of that measure and joined the
19 bipartisan group of my Senate colleagues in voting
20 against the FCC rules. I continue to be
21 concerned by the possibility the FCC will weaken our
22 media ownership rules. It is my opinion that Congress
23 and the American people will accept nothing less than
24 strong credible rules that encourage local coverage,
25 diverse programming, and minority, female, and local

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1 ownership of media outlets.

2 Thank you for being here today. Senator
3 Richard Durbin.

4 (Applause.)

5 CHAIRMAN MARTIN: I believe we also have an
6 opening statement that's going to be read by Ken
7 Bennett on behalf of Senator Barack Obama.

8 (Applause.)

9 MR. BENNETT: Good afternoon. My name is
10 Ken Bennett, I am State Director for Senator Barack
11 Obama, who regrets not being able to be here today at
12 this very important hearing, but asks that I read this
13 statement for him.

14 I want to thank the -- Chairman Martin and
15 Commissioners for holding the Commission's fifth
16 official public hearing on the nation's media
17 ownership rules in Chicago. I want to thank the
18 Rainbow Push Coalition for also hosting this
19 discussion.

20 Senator Durbin and I specifically requested
21 that the Federal Commission -- the Communication
22 Commission, the FCC, hold a public hearing in this
23 diverse city to deal with the very important issues
24 dealing with -- that we're dealing with today.

25 I apologize for not being here in person to

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1 deliver this statement, but I want all of you to know
2 how important I think it is that we have this national
3 inclusive open transparent discussion on the
4 government's responsibility to ensure that the
5 nation's media market place reflects the diversity,
6 and opinions, and views, and meets the needs of the
7 local communities and ensures fair competition.

8 As all of you know, the FCC has in place a
9 number of rules that regulate the ownership of radio
10 and television broadcast properties. These rules help
11 to prevent excessive consolidation and were created to
12 promote the public interest.

13 Under the Telecommunications Act, the FCC
14 is required to review the media ownership rules every
15 four years to determine if the rules remain necessary
16 and are serving the public interest.

17 I believe that the nation's media ownership
18 rules remain necessary and are critical to the public
19 interest. We should be doing more to encourage
20 diversity in ownership of broadcast media, promote the
21 development of new media outlets, and expression of
22 diverse view points, and establish greater clarity in
23 the public interest obligations of public broadcasters
24 occupying our nation's spectrum.

25 But under the leadership of the previous

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1 chairman, the FCC promoted the concept of
2 consolidation over diversity. In 2003, the FCC
3 attempted to, over the dissent of two Democratic
4 Commissioners, to relax the nation's media ownership
5 rules.

6 Millions of comments poured in from the
7 average citizen asking the FCC to retain the rules and
8 not to allow for more consolidation. Fortunately,
9 the Commission's attempt to relax regulations was
10 rejected by the 3rd Circuit.

11 Instead of greater consolidation, I fully
12 endorse a call for new rules promoting greater
13 coverage of local issues, greater responsiveness of
14 broadcasters to the communities they operate in. I
15 also believe that broadcasters' license renewal
16 requests, the periodic review required to ensure that
17 broadcasters are complying with their public interest
18 obligations to local communities for using the public
19 spectrum, should require greater FCC scrutiny and
20 public input should occur more frequently.

21 (Applause.)

22 MR. BENNETT: In the spirit of
23 transparency, and because of the importance of this
24 issue to our democratic discourse, I strongly request
25 that the FCC put out any specific changes they intend

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1 to vote on in a new notice proposal rule making so
2 that the American people have the opportunity to
3 review them.

4 The current hearings are an important
5 examination of the issues related to the hypothetical
6 loosening of the media ownership rules. But any
7 specific changes should receive public review and
8 comment. I commend the FCC for holding this
9 discussion and soliciting opinions and analysis from
10 all sectors of our community.

11 Again, I appreciate your coming to Chicago
12 for this important hearing. I look forward to working
13 with you and the communities represented here today to
14 make sure that our media rules work for everyone and
15 respect and promote the nation's diversity, and the
16 people, and our views.

17 Thank you. Senator Barack Obama.

18 (Applause.)

19 CHAIRMAN MARTIN: Thank you, Mr. Bennett.

20 We also have Illinois State Representative
21 Connie Howard to make a few opening remarks.

22 (Applause.)

23 REPRESENTATIVE HOWARD: Gentlepersons,
24 thank you for inviting me to speak during this
25 discussion about media ownership rules and the modern

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1 media landscape.

2 As a member of the Illinois House of
3 Representatives, closing the digital divide has been
4 one of my passions for years. The lack of diversity
5 in media ownership since the adoption of the 1996
6 Telecommunications Act is also an area of major
7 concern.

8 It is my understanding that one company can
9 own up to eight radio stations in one market, and an
10 unlimited number nationally. Deregulation has led to
11 the eradication of media diversity and local integrity
12 to the extent that 10 major companies now control
13 nearly 90 percent of the media content in the United
14 States.

15 This shift has been aided and abetted by
16 government policies that explicitly reward industry
17 giants at the expense of the public interest. While
18 the media moguls claim they want a free market place,
19 and deregulation, it seems that the last thing they
20 really want is genuine market competition.

21 (Applause.)

22 REPRESENTATIVE HOWARD: Concentrated
23 ownership of media results in less diversity. Racial
24 and ethnic minorities make up 33 percent of the U.S.
25 population, yet they own only 7.7 percent of full

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